

Debt-Crisis Vote Goes Down to Wire in House

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The House was headed for a cliffhanger vote Thursday on a revised debt plan from Republican Speaker John Boehner that could go a long way in determining if the government's borrowing limit is raised in time to avoid a possible default next week.

Mr. Boehner scrambled Wednesday to stem defections by conservatives, telling fellow Republicans, "I need an army behind me." But he could delay the vote if he concludes his plan won't pass the House.

If it does pass, Senate Majority Leader Harry Reid (D., Nev.) prepared to put it to a vote in the Senate, hoping to defeat it. He then could try to push through his own debt plan, or make changes to Mr. Boehner's plan to make it more palatable to Democrats.

Meanwhile, senior Democratic aides said Mr. Reid and Senate Minority Leader Mitch McConnell (R., Ky.) are exploring ways to bridge the gaps between the House and Senate bills and craft an alternative that can pass both chambers by Aug. 2. A spokesman for Mr. McConnell said the Senate Republican leader isn't working on any bill other than one by Mr. Boehner.

Even as both sides press ahead with their plans, back-channel conversations between Messrs. Reid and McConnell focus on the biggest divide between the parties: whether to raise the debt ceiling in one phase or two, the Democratic aides said, reflecting a recognition that neither of the bills put forward by Mr. Boehner and Mr. Reid is likely to pass both chambers unchanged.

"You need to get agreement, and there are talks going on to try to get that agreement," said Sen. Charles Schumer (D., N.Y.).

Mr. Boehner's plan would raise the debt limit by \$900 billion now, while cutting \$917 billion in spending, and then raise the debt limit by as much as \$1.6 trillion next year if lawmakers agree to at least \$1.8 trillion in additional spending cuts. President Barack Obama opposes that approach; he wants Congress to raise the debt ceiling once, by an amount large enough to carry the government through 2012, which would avoid another rancorous debate during the election year.

Treasury Department officials warn the U.S. could begin defaulting on its obligations after Tuesday if Congress doesn't raise the \$14.29 trillion debt ceiling. With the deadline fast approaching, financial markets have grown more unsettled, and stocks fell sharply on Wednesday.

Standard & Poor's President Deven Sharma told lawmakers Wednesday that S&P analysts were awaiting details of final debt plans before weighing a change in the country's prized triple-A credit rating. He declined to weigh in on specific proposals, saying the rating firm doesn't comment on "any specific plan or the individual policy choices being made."

The Boehner plan was revised Wednesday to more accurately estimate spending rates, which had the effect of increasing the size of the spending cuts. It would slow spending by \$917 billion over 10 years, including a \$22 billion cut in the coming year, according to an estimate from the Congressional Budget Office. A bipartisan congressional committee would then recommend additional deficit cuts to reach the \$1.8 trillion goal.

The CBO earlier said his first plan, which was originally advertised as cutting spending by \$1.2 trillion, actually amounted to an \$850 billion reduction—less than the amount of the debt-limit increase he was proposing.

At a private meeting of House Republicans, Mr. Boehner appealed for GOP lawmakers to rally around his plan even if they found it flawed, saying it was the best deal that could pass both chambers.

House Majority Leader Eric Cantor (R., Va.) criticized GOP lawmakers who were belittling the Boehner plan. "I'm sick and tired of seeing Republicans on TV attacking other Republicans," Mr. Cantor told his colleagues.

Rep. Jim Jordan (R., Ohio), an opponent of Mr. Boehner's plan who on Tuesday said he was "confident" it would lose, declined to repeat that prediction Wednesday. "I don't know where the votes are today," he said.

Rep. Blake Farenthold (R., Texas) suggested he was leaning against the Boehner plan but is now leaning in favor. "I've moved a little bit," he said.

At least 18 House Republicans have said they would oppose Mr. Boehner's plan. He can't lose more than 23 GOP votes if no Democrats support the bill.

Senate Democrats say their leverage will greatly increase if Mr. Boehner's plan fails. Mr. Reid has proposed raising the debt ceiling by \$2.7 trillion immediately and cutting spending by the same amount. But the budget office found that his plan cuts \$2.2 trillion in spending, including taking credit for winding down the cost of the wars in Iraq and Afghanistan. So he has said he intends to find more cuts.

If the Boehner plan does pass the House, the Senate may hold quick votes on it, without modifying it, and on Mr. Reid's plan. If both fail in the Senate, as many expect, Mr. Reid wants to have an alternative bill, based on the House and Senate plans and negotiations with Mr. McConnell, ready to put forward, a senior Democratic aide said.

The composition of such a deal has been a topic of private discussions that have also included Mr. Boehner's staff, the aide said.

A key issue is how to enable the congressional committee envisioned by Mr. Boehner's plan to produce \$1.8 trillion in deficit reduction without these cuts being contingent on a second increase in the debt ceiling. If, for example, the committee deadlocks, existing congressional committees could be asked to find the cuts.

Officials are also discussing what type of enforcement mechanism to include in the plan to make sure the congressional committee completes its work. Democrats would accept a stronger mechanism if Republicans would accept a longer-term debt limit increase, the Democratic aide said.

White House officials have largely been on the sidelines during the latest maneuvering, although Mr. Obama's budget director, Jack Lew, was on Capitol Hill Wednesday for discussions, the Democratic aide said.

Administration officials have operated under the assumption that Mr. Boehner's plan will pass the House, and they have been sketching out scenarios for an endgame. "We are working aggressively with everybody to find an alternative," a senior administration official said.

The White House reiterated that Mr. Obama would approve an extension of the debt ceiling for a few days if the parties reach an agreement but need more time to pass legislation.

—John D. McKinnon, Corey Boles, Michael Crittenden and Jessica Holzer contributed to this article.